

Funding Questions

Question: Please explain how to calculate the required 25 percent match.

The Workforce Investment Act, SEC. 222. STATE DISTRIBUTION OF FUNDS; MATCHING REQUIREMENT, says:

(b) Matching Requirement.--

(1) In general.--In order to receive a grant from the Secretary under section 211(b) each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult education and literacy activities for which the grant is awarded, a non-Federal contribution in an amount equal to--

(A) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult education and literacy activities in the State.

(2) Non-Federal contribution.--An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult education and literacy activities in a manner that is consistent with the purpose of this subtitle.

The total cost is the sum of the local and state and federal monies, plus in-kind contributions, used to provide the basic skills activities proposed in the approved RFP. Match must equal at least 25 percent of the total cost of providing the Adult & Family Literacy program. In other words, the federal grant cannot exceed 75 percent of the total cost.

To calculate the minimum required match, divide the grant amount by three, or multiply it by 33 percent, or divide it by 75 percent and subtract the grant amount:

Examples:

a. \$50,000 grant x 33% = \$16,667 minimum match

b. \$50,000 grant / 3 = \$16,667 minimum match.

c. \$50,000 grant / 75% = \$66,667 minimum total cost; \$66,667-\$50,000 = \$16,667.

Question: Are "Match" and "Maintenance of Effort" different?

Yes, they are different, but related. The Workforce Investment Act, Section 241, says that our statewide Adult & Family Literacy program must show the same or higher non-Federal expenditure levels every year, or we risk losing federal funds.

The financial information that goes out with each grant says: ***Maintenance of Effort:*** SDE/ Office of Adult Basic Education must demonstrate to the federal government that the total statewide expenditure for basic skills programming is the same each year as in prior years. If the SDE/ABE were not able to demonstrate that the state of Idaho was maintaining the same fiscal effort as before, the Board would lose part of its federal Adult Education and Family Literacy Act allocation. If that were to happen, the reduction in federal basic skills funds would be covered by reducing the grants to local basic skills providers which had reported reduced expenditures. At fiscal year end, all grant recipients will be required to complete a Financial Status Report to include all federal Adult Basic Education and non-federal resources used to support this program.

Question: How is the “supplement, not supplant” clause interpreted?

“Supplement, not supplant” means the federal funds are intended to augment or increase, not replace, monies that would have been used if the federal funds had not been available. OMB Circular 133 notes some examples of what auditors usually find to be supplanting:

- Using the federal funds to provide services other local, state or federal laws require be made available (other than services required under a special education IEP), and
- Using the federal funds to provide services that had been provided with other funds the prior year.

Question: What are the general principles used to determine whether expenditures are allowable?

To be allowable under a grant award, costs must meet the following general criteria. They must:

- a. Be reasonable for the performance of the grant and be allowable under the applicable cost principles;
- b. Conform to any limitations or exclusions set forth in the applicable cost principles or in the grant agreement;
- c. Be consistent among all grant recipients;
- d. Be determined in accordance with generally accepted accounting principles (GAAP), and
- e. Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally funded program in either the current or a prior period.

Cost Principles are available through the federal Office of Management & Budget web site: <http://www.whitehouse.gov/omb/circulars/index-education.html>

Question: Please provide some examples of what is an “administrative” versus an “instructional” cost.

The Workforce Investment Act, SEC. 233, says that **administrative costs** are “for planning, administration, personnel development, and interagency coordination.” Therefore, costs of instructional staff, instructional coordinators, and/or administrators meeting with or talking to other agencies or partners about joint planning, how to work together, how to make referrals, how to have a common intake process, etc., are administrative costs. Facility and travel and other costs of these “meetings” are administrative. Other administrative costs would include:

- Salaries and benefits associated with program planning, administration, personnel development, and interagency coordination. Such items might include WABERS input, grant writing, recruiting and training board members, and recruiting and supervising staff and volunteers other than tutors and students.
- Goods and services for personnel who are budgeted in the administration category that are required to administer the program. Items would include supplies and materials, printing, telephone, postage copying and fax, equipment (less than \$5,000 per unit cost), utilities, rentals and leases. Please note that faculty office space should be coded to program administration under goods and services whereas classroom/lab space is to be coded to the instructional category.

- Travel related to administration activities, including staff development and ABE meetings, and for personnel budgeted to the administration category.
- Equipment to be used by staff coded to the administration category or for equipment used for administrative purposes. Items budgeted in this category must have a value of \$5,000 or more per unit cost.
- Indirect is to cover such costs as operation, maintenance, library, and student administration expenses that cannot be clearly allocated to an individual program. To calculate the indirect amount, take the salary and wages from each budget category and multiply that amount by five percent. That amount should then be placed on the indirect line.

Non-Administrative Costs are for carrying out “(1) Adult education and literacy services, including workplace literacy services; (2) Family literacy services,” and/or “(3) English literacy programs.” Costs of instructional staff, instructional coordinators, and/or literacy tutors arranging to use other agencies’ materials and employees as learning resources would be instructional costs. Getting those human and/or material resources to the learning setting are instructional activities and costs. Finding and making arrangements with appropriate teaching and learning resources are instructional activities and costs. Other “instructional” costs include:

- Salaries and benefits associated with such things as arranging instruction, providing resources for instructional activities, instruction, recruiting tutors and students, assessing students, matching tutors with students, curriculum development, developing activities through which local students can demonstrate mastery of competencies, conducting assessments, and other skill standards approaches into basic skills teaching, learning and assessment.
- Goods and Services to be used by personnel budgeted to the instructional category and other necessary goods and services needed for instruction. Typical items would include supplies and materials, assessment materials, printing, telephone, postage copying and fax, equipment (less than \$5,000 per unit cost), utilities, rentals and leases (classroom/lab).
- Travel related to instructional activities and for personnel budgeted to the instructional category.
- Equipment to be used by staff coded to the instructional category or for equipment used for instructional purposes. Items budgeted in this category must have a value of \$5,000 or more per unit cost.

Ordinarily, administrative costs are limited to five percent of the grant amount. Any approved basic skills provider may propose an administrative rate higher than five percent in order to either:

Carry out any of the necessary and reasonable tasks associated with implementing, maintaining, operating and/or reporting student demographic and performance data, using IMAS. Allowable costs include training of instructors, tutors and other staff, data entry, etc.,

Question: Is it legitimate to use federal Adult Education & Family Literacy Act funds for mileage for transporting students to a classroom? This is a rural setting where students live far apart and far from the classroom. Transportation is a major problem.

Federal regulations allow these funds to cover transportation costs (and other support services such as child care); however, you must have documentation supporting that there were no other resources available to get students to and from class. You also need to document routes, car pooling, frequency of trips, rate to be paid, etc., and how you ensure the funds are used only for Adult & Family Literacy program participants. These expenditures would be considered instructional, not administrative.